

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name ONEIDA CHARTER TOWNSHIP	County EATON
Fiscal Year End DECEMBER 31, 2006	Opinion Date MAY 8, 2007	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) MANER, COSTERISAN & ELLIS, P.C.		Telephone Number (517) 323-7500	
Street Address 544 CHERBOURG DRIVE, SUITE 200		City LANSING	State MO
		Zip 48917	
Authorizing CPA Signature <i>Steven P. Piesko</i> CPA	Printed Name Steven P. Piesko, CPA	License Number 1101026796	

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)**

YEAR ENDED DECEMBER 31, 2006

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Floyd L. Costerisan
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INDEPENDENT AUDITORS' REPORT

Township Supervisor and
Members of the Township Board
Oneida Charter Township
County of Eaton, Michigan

May 8, 2007

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Oneida Charter Township, County of Eaton, Michigan as of and for the year ended December 31, 2006 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Oneida Charter Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Oneida Charter Township, County of Eaton, Michigan as of December 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township Supervisor and
Members of the Township Board
Oneida Charter Township
County of Eaton, Michigan

May 8, 2007

The management's discussion and analysis budgetary comparison information on pages v through xi and 15 through 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oneida Charter Township's basic financial statements. The additional information presented in pages 21 through 26 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mamer, Costeniser & Ellis, P.C.".

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Oneida Charter Township (Township), we offer readers of the Oneida Charter Township's financial statements this narrative overview and analysis of the financial activities of the Oneida Charter Township for the fiscal year ended December 31, 2006 and 2005.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$851,000 (net assets). Of this amount, \$272,000 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$102,000.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$294,000, a decrease of \$148,000 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$294,000, or 42 percent of total general fund expenditures.
- The Township's total debt decreased \$56,000. The key factor in this decrease was the paying down of debt based on the maturity schedules.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, economic development, and culture and recreation.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 1 and 2 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 3 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 4 through 13 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's general fund budget. Required supplementary information can be found on pages 15 through 19 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$850,812 at the close of the most recent fiscal year.

By far the largest portion of the Township's net assets (68 percent) reflects its investment in capital assets (e.g., land, building, machinery, drain usage rights and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Oneida Charter Township's Net Assets

	Governmental activities	
	2006	2005
Current and other assets	\$ 469,752	\$ 623,704
Capital assets	1,115,295	1,127,151
Total assets	1,585,047	1,750,855
Long-term liabilities outstanding	465,054	520,951
Other liabilities	269,181	276,856
Total liabilities	734,235	797,807
Net assets:		
Invested in capital assets, net of related debt	579,079	535,230
Unrestricted	271,733	417,818
Total net assets	\$ 850,812	\$ 953,048

The balance of unrestricted net assets (\$271,733 or 32 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in both categories of net assets, for the government as a whole.

The government's net assets decreased by \$102,236 during the current fiscal year. The majority of this decrease is due to the decrease in tax revenue associated with the Grand Ledge Area Emergency Services Authority (GLAESA) whereby GLAESA now levies their own millage. In addition, the Township had one time expenditures relating to a lawsuit against the City of Grand Ledge over sewer and water rights.

Governmental activities. Governmental activities decreased the Township's net assets by \$102,236. Key elements of this decrease are as follows:

Oneida Charter Township's Changes in Net Assets

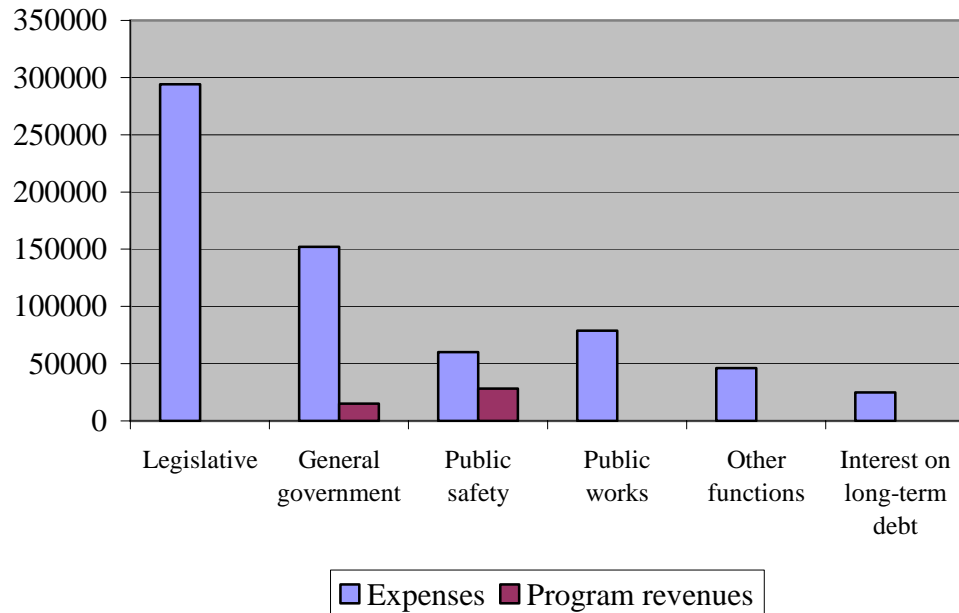
	Governmental activities	
	2006	2005
Revenues:		
Program revenues:		
Charges for services	\$ 43,486	\$ 85,889
Property taxes	190,972	458,850
State revenue sharing	253,833	252,859
Interest	20,822	12,937
Miscellaneous	44,637	42,099
Total revenues	<u>553,750</u>	<u>852,634</u>
Expenses:		
Legislative	294,043	78,611
General government	152,216	157,476
Public safety	59,985	331,036
Public works	78,728	164,311
Other functions	46,025	26,344
Interest on long-term debt	24,989	27,944
Total expenses	<u>655,986</u>	<u>785,722</u>
(Decrease) increase in net assets	(102,236)	66,912
Net assets, beginning of year	<u>953,048</u>	<u>886,136</u>
Net assets, end of year	<u><u>\$ 850,812</u></u>	<u><u>\$ 953,048</u></u>

- Property taxes revenue decreased by \$267,878 (58 percent) during the year. The majority of the decrease is due to GLAESA now levying their own millage.

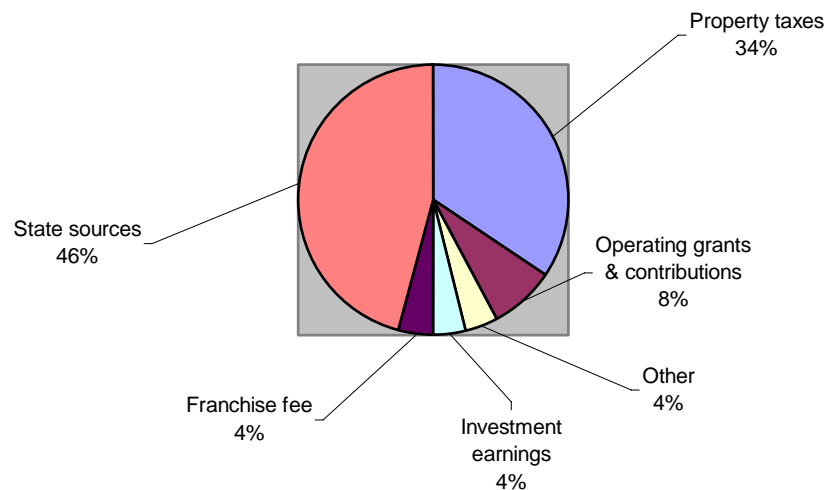
- Expenses for governmental activities went from \$785,722 to \$655,986, a decrease of \$129,736. Although payments to GLAESA are no longer made, the township had increased expenses relating to the lawsuit against the City of Grand Ledge.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's general fund reported ending fund balance of \$294,389, a decrease of \$147,911. This total constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor with the exception of legal services (\$197,739 decrease in change in fund balance) and can be summarized as follows:

- Legal services - lawsuit with City of Grand Ledge over water and sewer rights.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$1,115,295 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and drain usage rights.

Additional information on the Township's capital assets can be found in Note 4 of this report.

Long-term debt. At the end of the current fiscal year, the Township had total long-term debt outstanding of \$536,216. The amount of \$344,498 of the Township's debt represents a mortgage payable for the new township hall. The remaining \$191,718 represents Eaton County Drain Assessments.

Additional information on the Township's long-term debt can be found in Note 6 of this report.

Factors Bearing on the Township's Future

These factors were taken into consideration when preparing the fiscal year 2007 budget.

Oneida Charter Township's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2007 that also promotes and funds numerous project objectives.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2007 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager's Office, 11041 Oneida Road, Grand Ledge, MI 48837-0037.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
BALANCE SHEET/STATEMENT OF NET ASSETS
GOVERNMENTAL FUND
DECEMBER 31, 2006**

	Balance sheet general fund modified accrual basis	Adjustments	Statement of net assets
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 10,887	\$	\$ 10,887
Investments	228,394		228,394
Receivables:			
Taxes - current and delinquent	73,589		73,589
Special assessments	3,866		3,866
Operating	14,807		14,807
External party - fiduciary fund	95,139		95,139
Due from other governmental units	43,070		43,070
TOTAL CURRENT ASSETS	469,752		469,752
CAPITAL ASSETS, net of accumulated depreciation		1,115,295 ⁽¹⁾	1,115,295
TOTAL ASSETS	<u>\$ 469,752</u>	<u>1,115,295</u>	<u>1,585,047</u>
LIABILITIES AND FUND BALANCE/NET ASSETS			
LIABILITIES:			
Accounts payable	\$ 5,986	\$	\$ 5,986
Accrued interest		22,656 ⁽²⁾	22,656
Deferred revenue	169,377		169,377
Current portion of long-term obligations		71,162 ⁽²⁾	71,162
TOTAL CURRENT LIABILITIES	175,363	93,818	269,181
NONCURRENT LIABILITIES			
Noncurrent portion of long-term obligations		465,054 ⁽²⁾	465,054
TOTAL LIABILITIES	175,363	558,872	734,235
FUND BALANCE/NET ASSETS:			
Invested in capital assets net of related debt		579,079	579,079
Unreserved, undesignated	294,389	(22,656)	271,733
TOTAL FUND BALANCE/NET ASSETS	294,389	<u>\$ 556,423</u>	<u>\$ 850,812</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 469,752</u>		

⁽¹⁾ Capital assets used in governmental activities are not financial resources and are not reported under the modified accrual basis of accounting.

⁽²⁾ Long-term debt is not due and payable in the current period and is not reported under the modified accrual basis of accounting.

See notes to financial statements.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STATEMENT OF ACTIVITIES
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2006**

	Statement of revenue, expenditures and changes in fund balance general fund modified accrual basis	Adjustments	Statement of activities
REVENUE:			
Taxes	\$ 190,972	\$	\$ 190,972
Licenses and permits	15,204		15,204
State revenue sharing	253,833		253,833
Charges for services	28,282		28,282
Interest and miscellaneous	65,459		65,459
	<u>553,750</u>		<u>553,750</u>
Total revenues			
	<u>553,750</u>		<u>553,750</u>
EXPENDITURES:			
Legislative	294,043		294,043
General governmental	127,826	24,390 ⁽¹⁾	152,216
Public safety	59,985		59,985
Public works	69,282	9,446 ⁽¹⁾	78,728
Other functions	46,025		46,025
Debt service:			
Principal repayment	75,237	(75,237) ⁽²⁾	
Interest expense	24,673	316 ⁽²⁾	24,989
Capital outlay	4,590	(4,590) ⁽¹⁾	
	<u>701,661</u>	<u>(45,675)</u>	<u>655,986</u>
Total expenditures			
	<u>701,661</u>	<u>(45,675)</u>	<u>655,986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(147,911)	45,675	(102,236)
FUND BALANCE/NET ASSETS:			
Beginning of year	442,300	510,748	953,048
	<u>442,300</u>	<u>510,748</u>	<u>953,048</u>
End of year	\$ 294,389	\$ 556,423	\$ 850,812
	<u>\$ 294,389</u>	<u>\$ 556,423</u>	<u>\$ 850,812</u>

⁽¹⁾ Governmental funds report capital assets as expenditures in the statement of revenues, expenditures and changes in fund balances. In the statement of activities these expenditures are capitalized and depreciated over their estimated useful lives.

⁽²⁾ Long-term debt is reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental fund. The adjustment represents the change of the year end liability compared to the prior year.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2006**

	<u>Agency fund</u>
	<u>Tax collection fund</u>
ASSETS	
Cash	\$ 1,721,254
LIABILITIES	
Undistributed tax collections:	
Due to general fund	\$ 95,139
Due to governmental units	1,626,115
TOTAL LIABILITIES	<u>\$ 1,721,254</u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Oneida Charter Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Oneida Charter Township include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, and general administrative services. The Township has no component units and is not a component unit of another government.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the primary government.

The Township utilized the financial statement format recommended by the State of Michigan for single fund entities engaged only in governmental activities.

The Township maintains the general fund and an agency fund, but only the general fund is accounted for as a governmental fund.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following fund type:

The *agency fund* is utilized to account for the Township's collection of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity

1. Cash and Investments

Cash includes amounts in demand deposits. Short-term investments include instruments allowed by state statute subsequently described. Short-term investments are carried at cost or amortized cost.

State statutes authorize the Township to invest in bonds, securities and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

3. Receivables

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls, which are secured by the underlying property.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (drain usage rights), are reported in the applicable governmental activity column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	39
Drain usage rights	50
Office equipment	10-20
Machinery equipment	15
Computer equipment	5

5. Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund. All appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to the first regular Township board meeting in October, the Township supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of a motion.
4. The Township Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets for the general fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as amended by the Township Board at various times. Individual amendments were not material in relation to the original appropriation. All annual appropriations lapse at fiscal year-end.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - LEGAL COMPLIANCE – BUDGETS (Concluded)

Excess of expenditures over appropriations in budgeted funds - During the year, the local governmental unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

Budget item	Budget appropriation	Actual expenditure	Budget variable
General fund - legislative	\$ 287,927	\$ 294,043	\$ (6,116)
General fund - watershed council	\$ 4,625	\$ 5,625	\$ (1,000)

NOTE 3 - CASH AND INVESTMENTS

As of December 31, 2006, the Township had no investments as defined by generally accepted accounting principles.

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2006, \$1,610,380 of the Township's bank balance of \$1,810,380 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The deposits are reported in the financial statements as follows:

Cash and cash equivalents - including fiduciary funds of \$1,721,254	\$ 1,732,141
Certificates of deposit	228,394
	<u>\$ 1,960,535</u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

The capital assets for the year ended December 31, 2006 were as follows:

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 75,483	\$	\$	\$ 75,483
Capital assets, being depreciated:				
Buildings	695,879			695,879
Machinery and equipment	15,515			15,515
Office equipment and furniture	70,097	4,590	14,636	60,051
Drain usage rights	454,314	18,000		472,314
Total capital assets, being depreciated	1,235,805	22,590	14,636	1,243,759
Less accumulated depreciation for:				
Buildings	37,041	18,696		55,737
Machinery and equipment	3,221	1,034		4,255
Office equipment and furniture	25,027	4,660	14,026	15,661
Drain usage rights	118,848	9,446		128,294
Total accumulated depreciation	184,137	33,836	14,026	203,947
Total capital assets, being depreciated, net	1,051,668	(11,246)	610	1,039,812
Total	\$ 1,127,151	\$ (11,246)	\$ 610	\$ 1,115,295

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 24,390
Public works	9,446
Total depreciation expense - governmental activities	\$ 33,836

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2006 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Fiduciary	<u>\$ 95,139</u>

The purpose is to transfer funds from the tax collection fund to the general fund.

NOTE 6 - LONG TERM DEBT

Other long-term debt

The government issued installment notes to provide funds for the construction of a new township hall. The original amount issued in prior years was \$500,000. Installment notes outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	3.39%	<u>\$ 344,498</u>

The government is assessed for drains at large by Eaton County. The assessment covers the Township's share of installation and usage rights for the drains. General assessments outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	5.28% -6.00%	<u>\$ 191,718</u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG TERM DEBT (Concluded)

The annual requirements to amortize all debt outstanding are as follows:

Year ended December 31	Installment notes		General assessment	
	Principal	Interest	Principal	Interest
2007	\$ 48,097	\$ 11,274	\$ 23,065	\$ 11,382
2008	49,741	9,630	23,065	10,007
2009	51,442	7,929	23,065	8,632
2010	53,201	6,171	23,065	7,256
2011	55,019	4,352	23,065	5,881
2012-2016	86,998	2,982	71,593	10,089
2017-2020			4,800	634
	<u>\$ 344,498</u>	<u>\$ 42,338</u>	<u>\$ 191,718</u>	<u>\$ 53,881</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2006 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Government activities:					
Installment note payable	\$ 391,005	\$	\$ 46,507	\$ 344,498	\$ 48,097
Eaton County Drain assessments	202,448	18,000	28,730	191,718	23,065
	<u>\$ 593,453</u>	<u>\$ 18,000</u>	<u>\$ 75,237</u>	<u>\$ 536,216</u>	<u>\$ 71,162</u>

NOTE 7 - PROPERTY TAXES

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due without penalty prior to February 14. The Township bills and collects its own property taxes and also the taxes for the county, intermediate school district, community college and school districts. School district taxes are also collected and remitted to schools in July, August and September. Any taxes uncollected at September 14 are added to the winter tax roll. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred revenue. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PROPERTY TAXES (Concluded)

The Township is permitted by state statute to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The Township levied \$.9023 per \$1,000 of assessed valuation for general government services.

NOTE 8 - PENSION PLAN

Money Purchase Retirement Plan

Oneida Charter Township has a Money Purchase Retirement Plan, which was established on January 1, 2006. This defined contribution plan covers all full time employees and elected officials. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus results of investments transactions. The Plan assets are invested by Manufacturers Life Insurance Company who is the trustee of the Plan. The Township acts as a public plan sponsor for the retirement plan. Vesting occurs at 100% immediately. The Township contributes 10% of the employees' base annual compensation, based on the contribution provisions set up in the plan and trust agreement. The Township's total eligible payroll was approximately \$139,000. The Township made the required contributions of approximately \$14,000 plus prior service costs of approximately \$5,000.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township carries commercial insurance to cover any losses that may result from the activities described above. No settlements have incurred in excess of coverage for the year ended December 31, 2006 or any of the prior three years.

REQUIRED SUPPLEMENTARY INFORMATION

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
REVENUES:				
Taxes:				
Current property tax - general	\$ 116,927	\$ 117,145	\$ 117,145	\$
Taxes - public safety				
P.A. 425 taxes	20,000	21,192	21,192	
Penalties and interest	3,200	4,794	4,794	
Property tax administration fees	50,000	47,841	47,841	
Total taxes	190,127	190,972	190,972	
Licenses and permits	30,000	15,204	15,204	
State revenue sharing	259,248	253,778	253,833	55
Charges for services	38,000	28,280	28,282	2
Interest and miscellaneous:				
Interest:				
Interest income		20,430	20,822	392
Miscellaneous:				
Reimbursements	8,000	10,818	10,818	
Special assessments	13,000	10,750	10,750	
Cable franchise fees	20,000	21,146	23,069	1,923
Total interest and miscellaneous	41,000	63,144	65,459	2,315
TOTAL REVENUES	558,375	551,378	553,750	2,372

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES:				
Legislative:				
Township board:				
Salaries	\$ 8,461	\$ 8,461	\$ 8,461	\$
Office supplies	2,500	3,712	3,712	
Operating supplies	1,000			
Audit services	9,000	8,934	8,934	
Legal services	30,000	227,739	233,725	(5,986)
Other professional services	20,000	12,128	12,128	
Dues and membership	3,000	2,833	2,833	
Printing and publishing	4,000	5,281	5,281	
Other	15,000	18,839	18,969	(130)
Total legislative	<u>92,961</u>	<u>287,927</u>	<u>294,043</u>	<u>(6,116)</u>
General government:				
Township supervisor:				
Salaries	<u>12,242</u>	<u>12,242</u>	<u>12,242</u>	
Total township supervisor	<u>12,242</u>	<u>12,242</u>	<u>12,242</u>	
Elections:				
Salaries	4,000	4,275	4,275	
Printing and publishing	1,000	687	687	
Other	<u>2,700</u>	<u>1,177</u>	<u>1,177</u>	
Total elections	<u>7,700</u>	<u>6,139</u>	<u>6,139</u>	
Assessor:				
Salaries	18,500	18,840	18,840	
Other	<u>500</u>			
Total assessor	<u>19,000</u>	<u>18,840</u>	<u>18,840</u>	

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
EXPENDITURES (Continued):				
General government (Concluded):				
Clerk:				
Salaries	\$ 25,000	\$ 25,000	\$ 25,000	\$
Deputy salaries	200			
Other	200	249	249	
Total clerk	25,400	25,249	25,249	
Board of review:				
Salaries	1,050	1,050	1,050	
Printing and publishing	150			
Other		47	47	
Total board of review	1,200	1,097	1,097	
Treasurer:				
Salaries	25,000	25,000	25,000	
Deputy salaries	200			
Other	200			
Total treasurer	25,400	25,000	25,000	
Hall and grounds:				
Utilities	11,000	9,818	9,818	
Repairs and maintenance	1,000	4,776	3,476	1,300
Other	8,000	1,756	2,058	(302)
Total hall and grounds	20,000	16,350	15,352	998
Watershed Council	6,000	4,625	5,625	(1,000)
Cemetery:				
Salaries	4,500	7,736	7,736	
Deputy salaries	4,500	3,400	3,400	
Contract services	3,000	1,200	1,200	
Supplies	1,700	1,802	1,802	
Repairs and maintenance	5,000			
Other	2,000	4,144	4,144	
Total cemetery	20,700	18,282	18,282	
Total general government	137,642	127,824	127,826	(2)

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
EXPENDITURES (Continued):				
Building inspections:				
Salaries	\$ 21,000	\$ 21,000	\$ 21,000	\$
MEP inspections	30,000	16,106	16,106	
Printing and publishing	500			
Other	1,200	393	393	
Total building inspections	52,700	37,499	37,499	
Zoning board:				
Salaries	21,000	21,000	21,000	
Board salaries	3,390	740	740	
Printing and publishing	1,000	559	559	
Other	500	187	187	
Total zoning board	25,890	22,486	22,486	
Total public safety	78,590	59,985	59,985	
Public works:				
Highways and streets:				
Contracted services	91,000	71,104	53,214	17,890
Public utilities:				
Utilities	13,000	17,124	16,068	1,056
Total public works	104,000	88,228	69,282	18,946
Other functions:				
Medicare and social security	10,000	11,052	11,052	
Insurance and bonds	14,000	12,999	12,999	
Employer's share of retirement	11,000	18,850	18,850	
Workers compensation insurance	2,000	2,843	2,843	
Bank service charges		231	231	
Other	2,500	50	50	
Total other functions	39,500	46,025	46,025	

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
EXPENDITURES (Concluded):				
Debt service:				
Drains at large principal	\$ 40,413	\$ 28,730	\$ 28,730	\$
Mortgage principal	59,370	46,507	46,507	
Total principal	99,783	75,237	75,237	
Drains at large interest		11,809	11,809	
Mortgage interest		12,864	12,864	
Total interest		24,673	24,673	
Total debt service	99,783	99,910	99,910	
Capital outlay:				
Township Board	1,000	3,420	3,290	130
Hall and grounds		1,300	1,300	
Cemetery	1,000			
Total capital outlay	2,000	4,720	4,590	130
TOTAL EXPENDITURES	554,476	714,619	701,661	12,958
NET CHANGE IN FUND BALANCE	\$ 3,899	\$ (163,241)	(147,911)	\$ 15,330
FUND BALANCE:				
Beginning of year			442,300	
End of year			\$ 294,389	

ADDITIONAL INFORMATION

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
GENERAL FUND
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
ASSETS:		
Cash and cash equivalents	\$ 10,887	\$ 84,657
Investments	228,394	315,426
Receivables:		
Taxes - current and delinquent	73,589	74,072
Special assessments	3,866	5,344
Operating	14,807	12,885
Due from fiduciary fund	95,139	88,305
Due from other governmental units	43,070	43,015
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 469,752</u></u>	<u><u>\$ 623,704</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 5,986	\$ 18,947
Deferred revenue	169,377	162,457
	<u> </u>	<u> </u>
TOTAL LIABILITIES	175,363	181,404
 FUND BALANCE:		
Unreserved, undesignated	294,389	442,300
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 469,752</u></u>	<u><u>\$ 623,704</u></u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON MICHIGAN
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
REVENUE:		
Taxes	\$ 190,972	\$ 458,850
Licenses and permits	15,204	39,289
State revenue sharing	253,833	252,859
Charges for services	28,282	46,600
Interest and miscellaneous	<u>65,459</u>	<u>55,036</u>
Total revenues	<u>553,750</u>	<u>852,634</u>
EXPENDITURES:		
Legislative	294,043	78,611
General government	127,826	132,917
Public safety	59,985	331,036
Public works	69,282	155,225
Other functions	46,025	26,344
Debt service:		
Principal repayment	75,237	70,969
Interest expense	24,673	30,093
Capital outlay	<u>4,590</u>	<u>13,284</u>
Total expenditures	701,661	838,479
Net change in fund balance	(147,911)	14,155
FUND BALANCE, beginning of year	<u>442,300</u>	<u>428,145</u>
FUND BALANCE, end of year	<u><u>\$ 294,389</u></u>	<u><u>\$ 442,300</u></u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
SCHEDULE OF INSTALLMENT NOTE PAYABLE
YEAR ENDED DECEMBER 31, 2006**

<u>Year</u>	<u>Building note</u>
2007	\$ 59,372
2008	59,372
2009	59,372
2010	59,372
2011	59,372
2012	59,372
2013	<u>30,604</u>
	386,836
Less interest	<u>42,338</u>
	<u><u>\$ 344,498</u></u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2006**

<u>Year</u>	<u>Whitney</u>	<u>Waldo & Branches</u>	<u>Total</u>
2007	\$ 2,087	\$ 32,360	\$ 34,447
2008	2,024	31,047	33,071
2009	1,960	29,736	31,696
2010	1,897	28,424	30,321
2011	1,834	27,112	28,946
2012	1,770	25,800	27,570
2013	1,707	24,488	26,195
2014	1,644	23,180	24,824
2015	1,580		1,580
2016	1,517		1,517
2017	1,453		1,453
2018	1,390		1,390
2019	1,327		1,327
2020	1,262		1,262
	<hr/>	<hr/>	<hr/>
	23,452	222,147	245,599
Less interest	<hr/> 6,652	<hr/> 47,229	<hr/> 53,881
	<hr/>	<hr/>	<hr/>
	\$ 16,800	\$ 174,918	\$ 191,718
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowner, Oneida Township, and the Eaton County Drain Commission share the cost of installment. Oneida Township is assessed yearly for their share of the cost plus interest on the outstanding balance. Interest rates charged to the different projects range from 5.28% to 6.00%.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
DECEMBER 31, 2006**

TAX COLLECTION FUND

	Balance January 1, 2006	Additions	Adjustments and payments	Balance December 31, 2006
ASSETS				
Cash	\$ 1,669,612	\$ 4,740,609	\$ 4,688,967	\$ 1,721,254
LIABILITIES				
Due to county	\$ 427,066	\$ 1,263,597	\$ 1,290,167	\$ 400,496
Due to schools	881,451	1,946,167	1,896,318	931,300
Due to State of Michigan	9,215	819,293	809,041	19,467
Due to libraries	73,654	147,791	144,076	77,369
Due to others	852		852	
Due to GLAESA	189,069	378,256	369,842	197,483
Due to general fund	88,305	185,505	178,671	95,139
	<u>\$ 1,669,612</u>	<u>\$ 4,740,609</u>	<u>\$ 4,688,967</u>	<u>\$ 1,721,254</u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
AGENCY FUND
CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2006**

Balance, January 1, 2006	\$ 1,669,612
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Receipts:

Current taxes and assessments	\$ 4,661,331	
Delinquent taxes	17,270	
Administration fees	46,692	
Dog licenses	2,645	
Interest and penalties	3,312	
Overpaid taxes	9,359	

Total receipts	4,740,609
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Disbursements:

Eaton County	1,290,167	
Grand Ledge Schools	878,451	
Charlotte Schools	28,065	
Strange School	68,198	
Portland Schools	354	
Pottersville Schools	262	
Lansing Community College	438,810	
Eaton Intermediate Schools	482,178	
General fund	178,671	
Grand Ledge Library	144,076	
Refund taxes	852	
Grand Ledge Area Emergency Services Authority	369,842	
State of Michigan	809,041	

Total disbursements	4,688,967
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Balance, December 31, 2006	\$ 1,721,254
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Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raeck
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

May 8, 2007

To the Board of Trustees
Oneida Charter Township
Grand Ledge, Michigan

In planning and performing our audit of the financial statements of Oneida Charter Township for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

Financial Statements

Currently, the Township's staff prepares the interim and annual financial statements. The annual financial statements for the year ended December 31, 2006, required relatively few audit adjustments, most of which the staff were aware needed to be recorded. Effective for the year ended December 31, 2006, Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America. The staff of the Township does understand all information included in the annual financial statements; however, we assist in preparing the footnotes to the annual financial statements. We do not recommend any changes to this situation at this time and communicate this as required by professional standards.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated May 8, 2007 on the financial statements of Oneida Charter Township. Our comments are summarized as follows:

Budget Compliance

We observed the budgeted expenditures exceeded the actual amount by \$6,116 in the general fund legislative and \$1,000 in the general fund watershed council. This is due to the Township maintaining the books on the cash basis, while the financial statements present the modified accrual basis of accounting, which includes audit adjustments. Although the amount is relatively small and we believe the Township's budgeting policies and procedures are operating in proper manner, the Township should monitor the budget variances and continue to amend the budget when necessary to comply with the uniform budgeting act. Please keep in mind that budget adjustments should be made before expenditures are actually made.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

This report is intended solely for the information and use of Oneida Charter Township, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Mama, Costeniser & Ellis, P.C.



Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Racek
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

May 8, 2007

To the Board of Trustees
Oneida Charter Township

We have audited the financial statements of Oneida Charter Township for the year ended December 31, 2006, and have issued our report thereon dated May 8, 2007. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated January 17, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Oneida Charter Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Oneida Charter Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Oneida Charter Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2006. We noted no transactions entered into by Oneida Charter Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were estimated fixed assets lives for depreciation.

4. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Oneida Charter Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicate matters that could have a significant effect on the Township's financial reporting process. Management has approved all adjustments.

5. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

6. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Oneida Charter Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Board of Trustees, and management of Oneida Charter Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mamie Costigan, E. Ellis, P.C.